



ANNUAL REPORT 2021

**BRAC LIBERIA MICROFINANCE
COMPANY LIMITED**

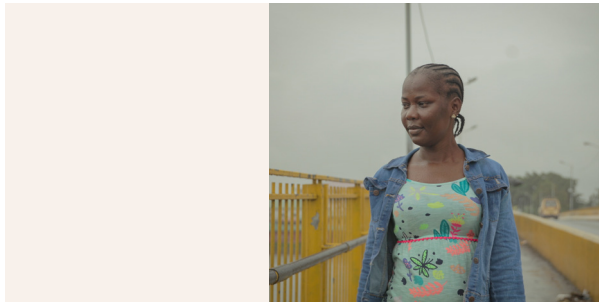


“

When people ask me now what BRAC stands for, I like to think that we stand for an idea- an idea of a world where everyone has an equal opportunity to realise their potential.

Sir Fazle Hasan Abed KCMG
1936-2019

TABLE OF CONTENTS



Inspiring Future Entrepreneurs	1
Message from Chief Executive Officer	4

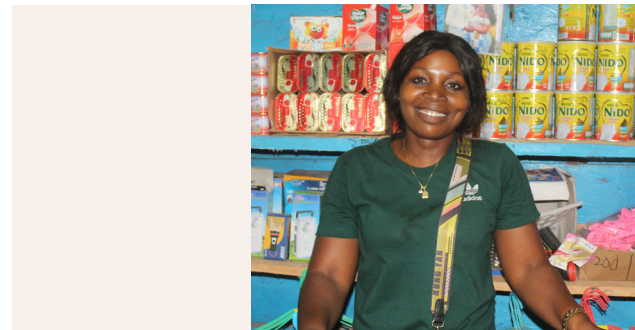


BRAC International Microfinance	5
Always a Way	7
About Us	8

BRAC Liberia Microfinance Company Ltd	12
Our Approach	13



2021 in Focus	14
Social Performance	15
Our Team	16
Our Partners	17





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It is good for us women to be making our own money. It helps you from people taking advantage of your problems, and as a single mother like me, you are able to support your children on your own.

INSPIRING FUTURE ENTREPRENEURS

Vexter is a 34- year-old Liberian businesswoman from Westpoint, a seaside community in central Monrovia. She is a single mother of two children, a boy and a girl. Venter owns a small provision shop where she sells foodstuff, cleaning supplies, household provisions and women's clothes and hair.

Vexter grew up learning about business from her grandmother who was an entrepreneur. Her late grandmother was a part of one of the first BRAC microfinance groups in the area and invited Vexter to be a member.- At that time, Vexter's business was selling tea and bread in front of her mother's house in West Point. Vexter joined the group in 2008 and took her first loan of 15,000 Liberian dollars (USD 97). Since then she has been a consistent client of BRAC MF.

Vexter used her first loan to expand her tea and bread business and continued to take more loans, building her loan limit. For her 6th loan cycle, she took 75,000 Liberian dollars and started another business, a provisions shop that also stocks women's clothes, shoes and hair that she buys from Guinea. She left the tea business to her younger sister and focussed on the clothes business.

Over the years, she has continued to run this shop, with investments from her BRAC loans. In 2020, she reached a loan limit of 100,000 Liberian dollars, which is the maximum loan amount in group lending. She transitioned to the BRAC small enterprises (SEP) loan product and plans to get a loan to expand her shop.

From this business, Vexter is able to take care of her family. Her children are in school and she is also supporting her two school-going sisters. She has even bought land and built a house for her and her children in WestPoint.





Shameran Abed
Executive Director
BRAC International

MESSAGE FROM BOARD CHAIRPERSON

Following the unprecedented challenges of COVID-19 in the last two years, we were able to considerably reduce the spread of the pandemic in 2021 through our collective efforts at the global and individual level. Countries opened up their borders and people returned to their physical and newly formed 'hybrid' workplaces. The global economy gradually began to return to its normal state.

For BRAC's nearly 700,000 clients in 2021, 97% of whom were women, living mostly in poverty in the villages and urban slums of Africa and Asia, the year was about recovering and rebuilding livelihoods. We endeavoured to remain close to our clients offering information on health and safety and much-needed economic support to help them get back on their feet.

BRAC Liberia Microfinance Company Ltd (BLMCL) continued on its growth trajectory in 2021. It reached 46,516 people by the end of the year, 97% of whom were women. It also opened two new branches, in hard-to-reach parts of the country, further expanding the umbrella of financial inclusion.

In 2021, BLMCL carried out its third annual Lean DataSM Impact Survey. Clients reported greater levels of financial resilience and stability, with a remarkable 96% of clients saying they earned

more and 97% of clients saw an overall improvement in the quality of their life after engaging with BRAC. The results demonstrate the importance and impact of responsible financial services for people living in poverty, especially in times of crisis.

2022 will mark BRAC's 50th Anniversary. From its humble beginnings in Bangladesh as a relief organisation to partnering with over 100 million people globally across 10 countries, it has proved to the world that impact can be delivered at scale. Our founder, Sir Fazle Hasan Abed, always reiterated that 'small is beautiful, but scale is necessary' and it will continue to be one of the guiding principles of BRAC as it sets foot on its ambitious target to reach 250 million people globally by 2030.

Though we have now become used to living with the pandemic, we are seeing other complex challenges emerge that transcend borders. The global food and energy crises, high inflation, and social and political unrest – all against the backdrop of a visibly changing climate – are already being felt in the places we work in. As a Global South organisation, I strongly believe that we need to follow the example of the communities we work with, and in particular, the women, who show amazing resilience and spirit in the face of incredible odds. As long as we stay true to our mission, and develop pragmatic, scalable solutions grounded in local realities, I am sure we will be able to create opportunities for people to realise their potential.



Khaled Morshed
Chief Executive Officer

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

2021 saw a significant reduction in COVID-19 cases across the country, and as a result, movement and business restrictions were lifted and the economy opened up gradually. As a responsible microfinance institution, we stayed beside our clients to strengthen their financial resilience and bounce back from the crisis.

In 2021, we expanded our network to 32 branches, cementing our position as the largest microfinance institution in the country. As of December 2021, we disbursed USD 28.01million in loans and served almost 46,000 clients, 97% of whom were women.

As part of our commitment to client protection and social performance management, we performed audits and developed action plans to focus on recognised gaps and strengthen our ability to serve our clients responsibly. We carried out our third Lean DataSM impact survey in partnership with 60 Decibels. The survey found that 97% of clients improved their quality of life after engaging with BRAC. 96% of clients reported that they earned more, 97% of clients planned their finances better, and 95% of clients saved more, after engaging with BLMCL.

Central to BLMCL objectives, we have continued our efforts to search for market gaps and broaden our client segment. We piloted our client-centric agrifinance loan for smallholder farmers in three branches, reaching over 300 clients. The product is aimed at farmers engaged in rice, corn, vegetable, poultry and pig farming. In 2022, we hope to scale up the product nationwide.

Our achievements would not have been possible without the tireless efforts of our staff, whose relentless commitment and dedication to ensuring the well-being of our clients are a testament to the values of BRAC. We are also grateful for the support of the Liberian government, and to our investors and donors: KIVA, Whole Planet Foundation, FMO, Weberg Foundation and Global Partnerships, for helping us reach people in need, especially women in the most marginalised communities.

Most of all, we are grateful to our clients, whose incredible spirit and strength continue to inspire, stimulate, and guide our work. Building upon our solid bonds with clients, BLMCL will continue to expand access to responsible, inclusive, and innovative financial solutions and empower people to have better control over their own futures.



BRAC INTERNATIONAL MICROFINANCE

BRAC has been one of the pioneers of microfinance since it first started in 1974. BRAC first expanded its microfinance operations internationally in 2002 and now operates in six countries outside of Bangladesh - Myanmar, Tanzania, Uganda, Rwanda, Sierra Leone and Liberia. Together, these six entities serve nearly 700,000 clients, 96% of whom are women.

BRAC International Microfinance's mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. It particularly focuses on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

We offer inclusive, accessible, and convenient loan and savings products, tailored to the needs of the local community. Our core credit products include group-based microloans provided exclusively to women, and small enterprise loans for entrepreneurs seeking to grow their businesses.

We are a strong advocate of client-centric microfinance that includes adhering to the industry's Universal Standards for Social Performance Management and the Client Protection Principles, placing clients' well-being at the center of everything we do to achieve our mission. The client value proposition is at the core of our digital transformation efforts, with a particular emphasis on reducing the gap in women's digital financial inclusion.

BRAC believes that sustainable, large-scale change, must address and deliver both economic and social progress. Microfinance has been an integral part of BRAC's holistic approach to development, equipping people who would otherwise be excluded from formal financial systems with the tools to invest in themselves, their families, and their communities.

OUR REACH AND IMPACT

458k

borrowers

502k

savers

\$87.71m

loan outstanding

96%

of clients are
women

54%

outreach to people
living in rural areas

71%

outreach to people
living in poverty



93%

of clients said their quality
of life had improved after
engaging with BRAC

94%

of clients earned more
after engaging with
BRAC

89%

of clients saved more
after engaging with
BRAC

90%

of clients planned
their finances better
after engaging with
BRAC

72%

of clients contributed
more to important
household decisions after
engaging with BRAC



INEQUALITY IS HUMAN-MADE.
IT CAN BE UNMADE.
TOGETHER,
PEOPLE CAN CHANGE
ANYTHING.
THERE IS **ALWAYS** A WAY.

BRAC INTERNATIONAL

Stichting BRAC International was formed in 2009 as a non-profit foundation in the Netherlands. It governs all entities outside Bangladesh with an objective to engage in charitable and social welfare activities in any country in the world.

BRAC INTERNATIONAL HOLDINGS B.V.

BRAC International Holdings B.V. (BIHBV) was set up in 2010 as a private limited liability company and is a wholly-owned subsidiary of Stichting BRAC International. BIHBV is a socially responsible for-profit organisation engaging people in sustainable economic and income-generating activities. The core focus of BIHBV is to provide microfinance services to people, particularly women, living in poverty and hard-to-reach areas to build their financial resilience and improve the quality of life for them and their families.



OUR VISION

A world free from all forms of exploitation and discrimination where everyone has the opportunity to realise their potential.



OUR MISSION

Our mission is to empower people and communities in situations of poverty, illiteracy, disease, and social injustice. Our interventions aim to achieve large-scale, positive changes through economic and social programmes that enable men and women to realise their potential.



OUR VALUES

Integrity
Innovation
Inclusiveness
Effectiveness

BRAC INTERNATIONAL PROGRAMMES

Our **Education programme** focuses on raising awareness on gender and child rights and developing a child-friendly learning atmosphere. Our programme complements the mainstream schooling system by supporting government primary and secondary schools to improve quality and strengthen capacity. We also provide training with support from local vocational and technical institutes.

Our **Early Childhood Development programme** is an investment toward breaking intergenerational cycles of poverty and facilitating economic growth. We provide early learning opportunities through our Play Labs to 3 to 6-year-olds, with a low-cost and play-based early learning model. Our Play Labs are safe play spaces, providing cost-effective local learning materials to children in marginalised communities.

The **Agriculture, Food Security and Livelihood programme** focuses on four strategic directions - a) Strengthen pro-poor market systems, b) Make agriculture systems more resilient to climate change, c) Improve food and nutrition security, and d) Empower women and youth across the value chain.

Through our **Health programme** we partner with respective governments to reduce child mortality, improve maternal and child health, and combat diseases. We work at the community and facility level to strengthen the capacity of female community health volunteers, health workers, and doctors so that they can provide educational, preventive, and curative health services.





Through our **Youth Empowerment programme** we provide life-saving and life-transforming services to adolescent girls to prevent unintended pregnancies, improve their awareness on harmful practices, and empower them financially. We create safe spaces by establishing clubhouses for girls aged 10-21, especially those who are vulnerable, dropped out of school, and at the risk of early marriage and pregnancy.

The **Ultra-Poor Graduation** approach is a comprehensive, time-bound, integrated and sequenced set of interventions that aim to enable extreme and ultra-poor households to achieve key milestones towards sustainable livelihoods and socio-economic resilience, in order to progress along a pathway out of extreme poverty.

Through our **Emergency Preparedness and Response programme** we build local emergency preparedness and response capacities in communities, schools, and local governments. Using a participatory and inclusive approach, our interventions in urban, rural, and refugee settings prioritise the equitable participation of all groups, particularly women and youth, to ensure that they are able to mitigate risks, save lives, protect livelihoods, and build back better from disasters and crises.

Through our **Microfinance programme**, we provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas, to create self-employment opportunities, build financial resilience, and harness women's entrepreneurial spirit by empowering them economically.

SAFEGUARDING IN 2021



BRAC International (BI) launched **Safeguarding Audit Review** provided on safeguarding indicators to support management in understanding policy compliance and incorporated **Safeguarding clause** in the procurement manual and partnership agreements to ensure compliance of partners and service providers.



BI arranged training on **Safeguarding Case Management and Investigations** as a part of continuous capacity development and continued **awareness-building** of staff and programme participants on the **Safeguarding Policy and sub-set policies**, which are as follows:

- Child and Adolescent Protection Policy
- Sexual Harassment Elimination and Protection from Sexual Exploitation and Abuse Policy
- Prevention of Workplace Bullying and Violence Policy
- Adults with Special Needs Policy
- Whistleblowing policy



BI completed quarterly **safeguarding assessment checklist** to monitor safe organisational practices



BI formed **Inquiry Review Committee (IRC)** to review safeguarding cases to provide decisions and guidance on actions to be taken and developed an **online safeguarding register** to digitize the incident management process and to ensure confidential reporting



BRAC LIBERIA MICROFINANCE LIMITED



OUR APPROACH

BRAC Liberia Microfinance Company Limited (BLMCL) was launched in 2008 and has grown to become the largest microfinance institution in the country. Our mission is to provide a range of financial services responsibly to people at the bottom of the pyramid. We particularly focus on women living in poverty in rural and hard-to-reach areas to create self-employment opportunities, build financial resilience, and promote women's entrepreneurial spirit by empowering them economically.

Our core products include a group-based microloan provided exclusively to women, and small enterprise loans for entrepreneurs seeking to expand their businesses. We also provide loans for jobholders with low to moderate income who are often unserved by mainstream banks.



OPERATIONAL HIGHLIGHTS

97% of clients are women

32% outreach to people living in rural areas

80% outreach to people living in poverty

32 branches

\$28.01M in disbursed loans

46,516 borrowers

As at December 2021



2021 IN FOCUS

In 2021, BLMCL started piloting an Agrifinance product for smallholder farmers engaged in rice, corn, vegetable, poultry and pig farming. The loan is provided without any collateral and features a flexible repayment schedule and a grace period on repayment. As at December 2021, USD 55,935 in loans were disbursed to 330 clients in three branches in Liberia.

SOCIAL PERFORMANCE

In 2021, we conducted our third impact survey in partnership with 60 Decibels using Lean DataSM methodology on five social outcome focus areas of BRAC International Microfinance: quality of life, financial resilience, women's economic empowerment, self-employment and livelihood opportunities, and household welfare.

This annual exercise complements our Social Performance Management and Client Protection initiatives and guides us in setting targets and strategies to reach more people living in poverty and achieve long-term impact at scale. All respondents surveyed were women.



97% of clients said their quality of life had improved after engaging with BRAC



96% of clients earned more after engaging with BRAC



95% of clients saved more after engaging with BRAC



97% of clients planned their finances better after engaging with BRAC



86% of clients contributed more to important household decisions after engaging with BRAC



BRANCH LOCATIONS



OUR TEAM

BRAC LIBERIA MICROFINANCE LIMITED SUPERVISORY BOARD

Shameran Abed	Chairperson
Johannes Maria Antonius Eskes	Director
Syed Abdul Muntakim	Director
Ruth Adhiambo Okowa	Director
Bridget Dougherty	Director
Md. Khaled Morshed	Chief Executive Officer & Ex officio

BRAC LIBERIA MICROFINANCE LIMITED MANAGEMENT TEAM

Md Khaled Morshed	Chief Executive Officer
Nur Alam Siddiki	Programme Manager
Onisi Gerald Lukosi	Head of Finance
Emmanuel G. Williams	Business Development Manager
Cynthia C. Oyarbo	Social Performance Manager
Josephine Nanyombi	Manager, Risk and Compliance
Bedford F. Quayeson	Manager, HR & Training

OUR DONORS AND PARTNERS

FMO

Entrepreneurial
Development
Bank

**GLOBAL
PARTNERSHIPS**

KIVA

**WHOLE
PLANET
FOUNDATION**



OPERATIONAL AND FINANCIAL HIGHLIGHTS

NET INCOME

BRAC Liberia Microfinance Company Limited maintained its profit trend in 2021 and posted Profit before tax of USD 1,846,059 (2020: USD 269,807). Interest income has increased by 71%.

OPERATING EXPENSES

Total operating expenses for the year was USD 3,807,349 as compared to USD 2,827,109 in 2020 showing a increase of 35%.

PROVISION FOR IMPAIRMENT LOSSES

This year amount charged for impairment on loans was USD 235,851 as against USD 62,365 in 2020, showing an increase of 278%. Portfolio at Risk (PAR>30) is 1.50% (2020: 2.90%). Total reserve for impairment was USD 200,655 in 2021 compared to USD 94,178 in 2020, representing 1.73% of Gross portfolio.

FINANCIAL POSITION

In 2020, BRAC Liberia Microfinance Company Limited's total assets increased by 44.42% to USD 13,698,364. The increase is mainly due to growth of loan portfolio which has been increased by 48% to USD 11,566,850.

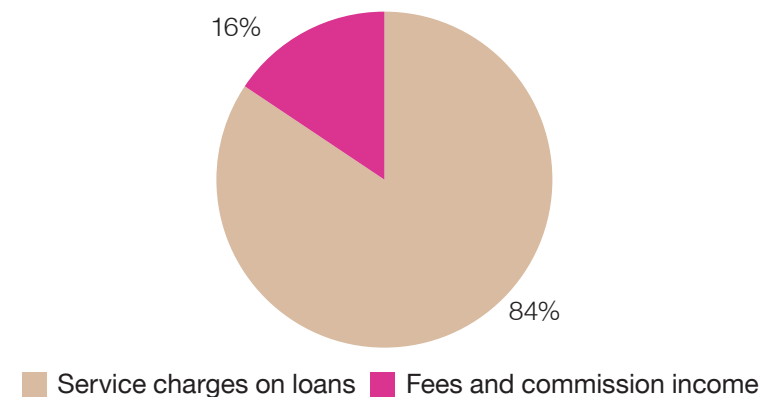


VALUE ADDED STATEMENTS

A value added statement provides a detail information of the total addition and distribution of value created by the organization. BRAC Liberia Microfinance Company Limited contributes positively to overall economic development by empowering the poor people (specially women) through micro-credit, employees through the payment of salaries and allowances and by assisting the local regulatory authorities through paying taxes and of course keeping in mind of organization's growth.

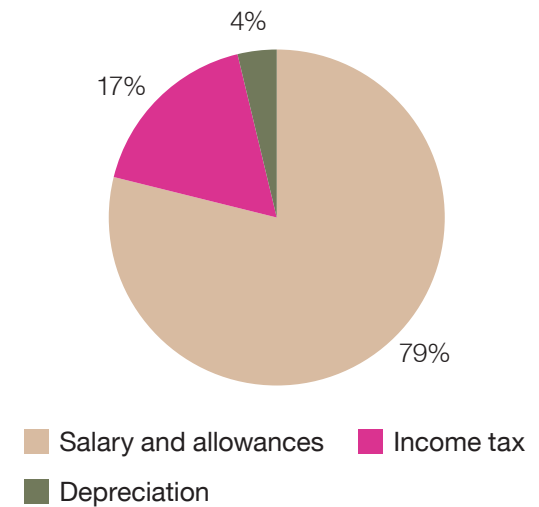
Value added	2021		2020	
	USD	%	USD	%
Service Charges on loans	5,022,080	253%	2,950,748	149%
Fees and commission income	929,552	47%	254,777	13%
Other operating exp.	(1,665,830)	-84%	(1,156,985)	-58%
Expected credit loss	(235,851)	-12%	(62,365)	-3%
Total	1,986,175	100%	1,986,175	100%

Value Added in 2021



Value Distributed	2021		2020	
	USD	%	USD	%
Employees				
Salary and allowances	2,044,135	51%	1,612,117	83%
Local Authorities				
Income Taxes	450,036	11%	89,251	5%
Depreciation	97,384	2%	58,007	3%
Growth				
Retained Income	1,396,023	35%	180,556	9%
Total	3,987,578	100%	1,939,931	100%

Value Distributed in 2021

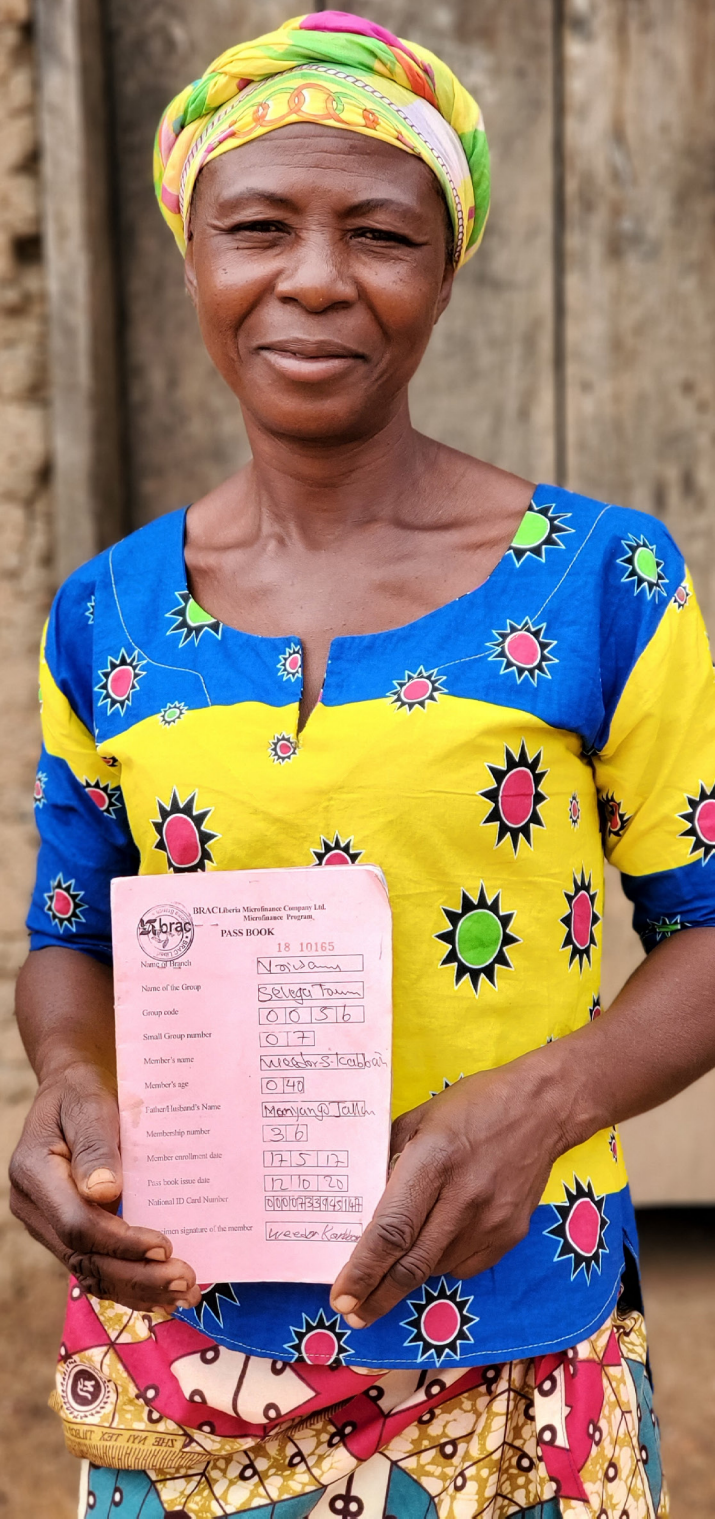


CONTRIBUTION TO GOVERNMENT EXCHEQUER

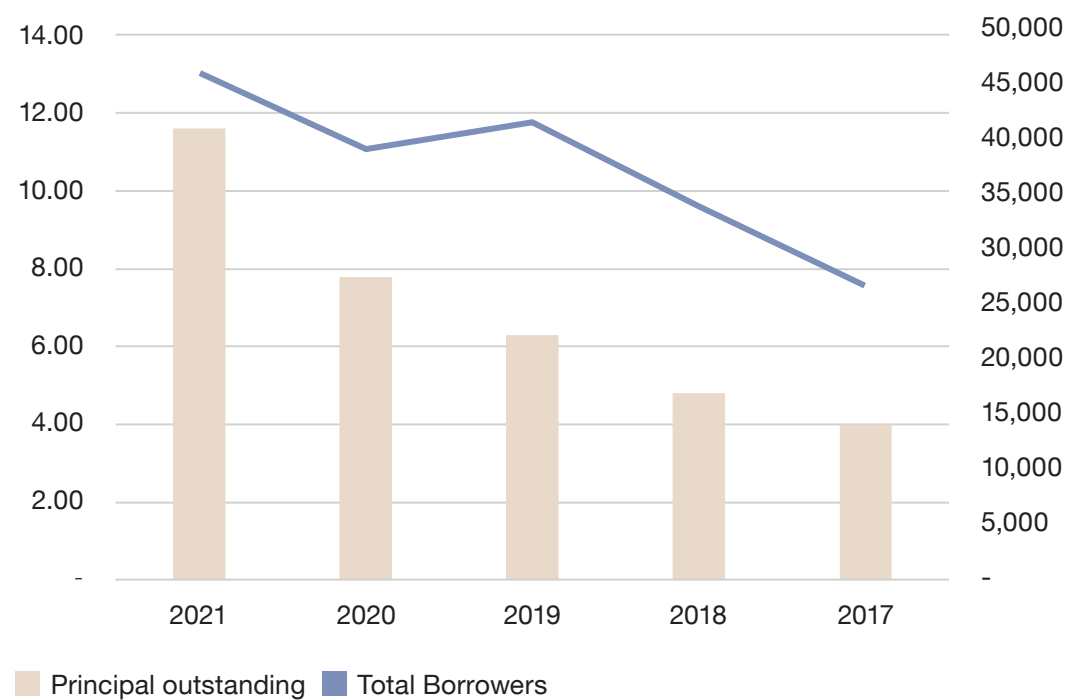
Particulars	2021 USD	2020 USD
Income Tax	450,036	89,251
Withholding tax	200,655	94,178
Social Security and pension	102,000	80,343
Total	752,691	263,772

PERFORMANCE REVIEW

Particulars	2021 USD	2020 USD	2019 USD	2018 USD	2017 USD
Income Statement					
Operating Income	5,889,258	3,159,281	3,165,008	2,438,865	2,061,384
Net profit/(loss) before tax	1,846,059	269,807	1,212,809	965,624	603,780
Total Expenditure	4,043,199	2,935,718	1,952,199	1,473,241	1,457,604
Financial Position					
Total assets	13,698,364	9,485,205	7,787,268	6,109,012	5,324,238
Net Equity	7,486,977	4,898,258	3,929,975	3,516,075	3,118,531
Principal outstanding	11,589,365	7,795,442	6,287,044	4,811,271	4,001,242
Yearly Loan disbursement	28,016,215	15,184,467	15,372,168	11,485,812	8,913,669
Cash at Bank	1,493,316	1,336,387	1,124,184	979,340	1,047,593
Returns and Ratio					
Return on Asset	13%	3%	16%	16%	11%
Cost to income	69%	92%	62%	60%	71%
Operational Statistics					
Total Borrowers	46,516	39,594	42,047	34,297	27,010
PAR>30	1.50%	2.90%	1.06%	0.81%	2.67%



FIVE YEARS PORTFOLIO IN USD' MILLION AND NUMBER OF BORROWER



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